

**Office of Inspector General  
Corporation for National and Community Service**

**Fiscal Year 2014 Audit Plan**

Pursuant to its statutory mandate, the Office of Inspector General (OIG) conducts and supervises independent audits and evaluations of Corporation activities, with the goal of promoting excellence, accountability and integrity in the programs and operations of the Corporation for National and Community Service. Our audits determine the adequacy and reliability of business systems and processes, assess compliance with Federal requirements, and identify opportunities to improve the efficiency and effectiveness of operations of the Corporation and its grantees. Led by Assistant Inspector General for Audit Stuart Axenfeld, the OIG Audit Section is staffed by three experienced auditors.

The Audit Section divides its work into four categories: (1) statutorily required audits and evaluations; (2) audits and evaluations of the Corporation's internal operations; (3) audits and evaluations of program-wide policies and activities; and (4) financial, performance and compliance audits of grants funded by the Corporation. Many of these audits are conducted by the audit staff, but OIG also supplements its resources by contracting with independent public accounting firms and other experts. Whether performed in-house or by outside auditors, OIG's audits conform to Government Auditing Standards.

OIG has designed its Audit Plan for Fiscal Year (FY) 2014 to target high-risk areas and activities and program-wide policies and practices that offer opportunities for substantial savings, consistent with the President's June 13, 2011, Executive Order, *Delivering an Efficient, Effective, and Accountable Government*. We established these audit priorities in consultation with the Corporation's senior management, and through the use of risk-based data analysis. These priorities may shift, and projects may be added or rescheduled, depending on developments throughout the year.

OIG audits, whether conducted in-house or by Independent Public Accounting firms, are performed in accordance with the Comptroller General's Government Auditing Standards. These standards are designed to ensure the integrity and competency of the audit process and the quality of the audit report. Evaluations are conducted in accordance with the Council of Inspectors General's Quality Standards for Inspection and Evaluation.

***Audits Required by Law***

**Financial Statements Audit**

The Government Corporation Control Act requires the Corporation to issue an agency financial report that includes financial statements audited by an independent public accounting firm under OIG's supervision. This audit includes an assessment of the effectiveness of the Corporation's internal controls for financial reporting, an area that offers many opportunities for improvement. As part of our ongoing audit supervision, OIG

will continue to monitor the Corporation's progress toward correcting previously identified internal control weaknesses and deficiencies.

### **Audit of the National Service Trust**

The Strengthen AmeriCorps Program Act of 2003 requires an independent annual audit of the National Service Trust, the repository for monies set aside to fund educational benefits earned by AmeriCorps members through their service. This audit is performed in conjunction with the Financial Statement Audit. The Trust Audit examines whether Trust obligations are recorded in a timely manner, whether the amount of the Trust obligation is based on the estimated value of the education benefit, and whether the reserve account is maintained to meet the needs of the Trust.

### **Independent Evaluation of the Corporation's Information System Security**

The Federal Information Security Management Act of 2002 (FISMA) requires an annual evaluation to determine the effectiveness of the Corporation's information security program and practices, as well as their compliance with information security policies, standards and guidance, including requirements established by the Office of Management and Budget (OMB).

### **Review of Improper Payments**

The Improper Payments Elimination and Recovery Act (IPERA) of 2010 (Public Law 111-204), Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012 (Public Law 112-248), and implementing guidance by OMB requires OIG to conduct an annual review of the Corporation's reporting of any improper payments and to evaluate its efforts to prevent and reduce improper payments. For FY 2012, OIG concluded that the Corporation had not correctly estimated, identified and acknowledged the extent of prior improper payments because its testing procedures were incomplete and its estimates omitted key sources of information. In FY 2013, the Corporation began an analysis of improper payments among cost-reimbursement grantees in the AmeriCorps State and National program. Based on its statistically-based approach, the Corporation concluded that this program is susceptible to significant levels of improper payments. However, the Corporation's FY 2013 agency financial report did not describe its measurement methodology, publish its estimates of the improper payment rates, or describe its corrective actions as required by law. The Corporation stated that it cannot estimate when in FY 2014 it will publish this information or make its analysis available to OIG. OIG has urged the Corporation to complete its work expeditiously and will conduct a performance audit when the Corporation publishes this information.

### **Review of Charge Card Abuse and Prevention**

On October 5, 2012, the President signed into law the Government Charge Card Abuse Prevention Act of 2012 (Charge Card Act), Public Law 112-194, which reinforced Administration efforts to prevent waste, fraud, and abuse of Government-wide charge card

programs. On September 6, 2013, OMB issued Memorandum M-13-21 *Promoting Efficient Spending to Support Agency Operations*, with implementation guidance for the Charge Card Act. The Charge Card Act requires all executive branch agencies to establish and maintain safeguards and internal controls for purchase cards, travel cards, integrated cards, and centrally billed accounts

The OIG will conduct risk assessments of Corporation purchase cards and its travel card programs to analyze the risks of illegal, improper, or erroneous purchases. We will use the risk assessment to determine whether an OIG audit of these programs is necessary.

## ***Audits of the Corporation's Internal Operations***

### **Conference Spending**

Eliminating unnecessary spending on conferences has been an important element of the Executive Branch's Campaign to Cut Waste. In FY 2012, the Corporation revised its conference planning policy, acting on a report from OIG that the Corporation's then-existing policy omitted essential requirements established in the Federal Travel Regulation to ensure that conference costs result in the greatest advantage to the Government. For FY 2014, OIG will review the Corporation's conference-related activities and expenditures, as well as its efforts to eliminate unnecessary costs, the adequacy of relevant internal controls, and the implementation of the new policy.

### **Contracting**

The Corporation relies extensively on contractors to help carry out its basic mission. In fiscal year 2013, the Corporation awarded approximately \$65 million in contracts. This evaluation will expand on the pending audit of services contracts issued under a Blanket Purchase Agreement (BPA), which uncovered deficiencies in the Corporation's management of BPA contracts. Given the number and dollar value of contracts for which Office of Procurement Services is responsible, oversight and monitoring are vital for ensuring effective contracting and safeguarding taxpayer dollars.

We will assess Corporation compliance with applicable laws and regulations for contracts awarded; review Corporation's policies, instructions, and procedures designed to ensure adherence with Federal contractual requirements; and review whether the Corporation obtained value for the procured services.

## ***Program-wide Audits and Evaluations***

### **Prohibited Activities and Direct Services within the VISTA Program**

In light of recent audit findings of VISTA members engaged in prohibited activities and/or direct services, the OIG will conduct an audit across various VISTA projects to determine the pervasiveness of these practices. The audit will include an evaluation of the internal

controls utilized by the Corporation to monitor and detect non-compliance with VISTA provisions.

### **Evaluation on the Administrative Costs Incurred on the AmeriCorps National Civilian Community Corps (NCCC)**

In FY 2014, the OIG will conduct an efficiency-related evaluation of the AmeriCorps NCCC program to evaluate controls over the program and identify potential cost savings in its administration. The enacted incurred cost of member for FY 2012 is \$27,909, while the projected incurred cost per member for FY 2013 is \$29,572. OIG will also determine if the Corporation has adequate internal controls in place to promote efficiency of operations and service assignments at the regional campuses and determine if the Corporation is using efficient operating procedures and practices.

### **Evaluation of the Professional Corps Model**

Section 122(c)(1) (D) of the National and Community Service Act of 1990 allows for a professional corps program that recruits and places qualified participants in positions, such as teachers and other professionals, in communities with an inadequate number of such professionals. It allows such individuals to receive a salary in excess of the applicable limits on living allowances. The Corporation awards grantees fixed-priced grants for these professional AmeriCorps members. Section 122(a)(1)(B)(ix) of the Act allows for pre-professional training programs in which students enrolled in an institution of higher education receive training in specified fields, perform service related to training outside the classroom, and agree to provide service upon graduation. Prompted by issues identified in grantee audits and investigations, we will evaluate the professional corps model and the pre-professional training programs to determine whether these programs are 1) providing a valid service; 2) fairly available across regional boundaries; and 3) addressing unmet community needs.

## **Completion of FY 2013 Audits and Evaluations**

### **Consultant Services**

The Corporation obtains consulting services on a variety of topics, often through the streamlined procurement process used for Blanket Purchase Agreements (BPAs). OIG began an evaluation in FY2013 of the use of BPAs for the consulting services, including any variance between the services contracted for and those received, as well as the Corporation's use of the resulting work product.

## **Prohibited Activities**

Following disclosures that certain AmeriCorps members engaged in political advocacy as part of their official activities, and pursuant to Congressional request, OIG undertook an evaluation of the Corporation's internal controls for identifying and preventing grantees from devoting Corporation resources (including the services of individuals funded by the Corporation) to the activities prohibited by the Corporation's governing statutes. OIG expects to complete this evaluation in FY 2014.

## ***Grant Audits***

Grants account for approximately 75 percent of the Corporation's budget, placing a premium on monitoring and oversight. Audits and agreed-upon procedures engagements that focus on particular grantees are an important component of ensuring that Federal funds are handled prudently and in compliance with requirements. Grantees are selected for audit based on input from the Corporation, issues identified in the course of monitoring and risk assessments, recent OIG experience, single audit results and other risk factors. For FY 2014, OIG will initiate audits of the following audits:

- Experience Corps
- Reading Partners
- Community Anti-Drug Coalitions of America (CADCA)
- Institute for Community Inclusion - UMass Boston
- Hoopa Valley Tribe and Hoopa Forestry Division

In FY 2013, we initiated the following audits and expect to complete these in FY 2014:

- Nevada Volunteers
- AFYA, Inc.
- Northwest Regional Educational Laboratory
- Tufts University/Massachusetts Campus Compact
- Penquis Community Action Program (Maine)

Senior Corps, which represents approximately 28 percent of the Corporation's programmatic budget, received relatively little attention from OIG prior to FY 2013. Corporation field personnel have expressed reservations that Senior Corps grantees, some of which have maintained their grants for more than 20 years, may be relying on financial management practices and systems that are no longer adequate to account for Federal funds and do not contain sufficient internal controls. Accordingly, OIG intends to audit one Senior Corps grantee in FY 2014. The following program has been selected for audit:

- U.S. Virgin Islands grants

## ***Non-Federal Audits***

We will continue to review audits conducted by non-Federal auditors, such as public accounting firms and State auditors, in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.<sup>1</sup> State, local, and Indian tribal governments; colleges and universities; and nonprofit organizations receiving Federal awards over the statutory threshold are required to have annual organization-wide audits of Federal funds that they receive. Our reviews will identify issues that may require Corporation attention about the management of Federal programs and identify significant areas of internal control weaknesses, noncompliance with laws and regulations, going concern issues, and questioned costs that require formal resolution by the Corporation.

## ***Investigative Support***

The Audit Section is often called upon to provide extensive support in connection with investigations of specific wrongdoing. Particular investigations may illustrate program vulnerabilities, gaps in internal controls and opportunities to strengthen program integrity, and therefore suggest areas for audit inquiry. We anticipate that this important activity will continue in FY 2014.

## ***Outreach***

OIG will continue to seek opportunities to inform Corporation staff and the grantee community about OIG audit findings and systemic concerns and to engage them as active partners in our mission to prevent and detect waste, fraud and abuse in Corporation programs. The Audit Section actively participates in Corporation-sponsored events designed to inform the grantee community about OIG initiatives and audit-related matters. In FY 2013, OIG representatives took part in the Financial and Grants Management Institute training that was attended by hundreds of AmeriCorps grantees and their staff and were featured in the Corporation's Internet Virtual Conference, a three-day interactive webinar sponsored by the Senior Corps program office. We emphasized responsible and prudent use of Federal funds, preventable problems frequently discovered in audits, fraud indicators that should be taken as warning signs, and examples of recent audits and investigations.

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<sup>1</sup> Due to resource constraints, we will not review the quality of audits conducted by non-Federal auditors, or ensure that the audit reports meet the applicable standards.